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Franklin Panel to Talk to Ex-CIA Chief

By Henry J. Cordes

WORLD-HERALD BUREAU

Lincoln — Former CIA Director William E. Colby will be interviewed today by a special legislative committee investigating the failure of Omaha's Franklin Community Federal Credit Union as the committee begins its search for legal counsel.

"I assume the committee will have several questions to ask him," said State Sen. Loran Schmit of Bellwood, chairman of the committee.

Colby, who served as Central Intelligence Agency director from 1973 to 1976, will arrive from Washington this morning to meet the committee.

He is the only candidate that the seven-member committee has scheduled for an interview. Schmit said he doubted the committee would make a decision on hiring Colby today in a closed two-hour meeting.

"I don't think they probably will, but they might," he said.

Among the topics of discussion today probably will be whether Colby would prefer to handle the counsel's duties alone, involve other members of his law

firm or just coordinate counsel in Lincoln from Washington, Schmit said.

The other staffing needs of the committee, which also will probably require several investigators, would most likely push the cost beyond the \$100,000 now appropriated by the Legislature. Colby would charge \$250 an hour, Schmit said.

Schmit said he would have "no problem" going back to the Legislature for more funds to make sure all matters related to Franklin's failure — including the alleged sexual abuse of children — are investigated.

"In view of the size and the scope of this investigation, that should not be a factor," he said.

Colby, who works in the Washington office of the New York law firm Donovan, Leisure, Newton and Irving, was among six candidates who had formally submitted applications for the position through Wednesday. Other candidates are former State Sen. Vard Johnson of Omaha, Bernard Glaser of Lincoln, counsel to the Legislature's Judiciary Committee, Jane Grabenstein-Chandler, former counsel to the General Affairs Committee, attorney William D. Jones of Omaha and attorney Dean E.

Hascall of Bellevue.

Colby sent a formal letter applying for the position after he was first contacted by Schmit last week.

Schmit said Omaha attorneys he had talked to were concerned about taking the position because the investigation "touched upon some big names in Omaha."

Saying he thought he would have to look outside the state for counsel, Schmit said he decided to contact Colby to see whether he was interested or knew of someone in Washington who would be.

Schmit said he had met Colby several years ago through former State Sen. John DeCamp of Neligh. DeCamp, a former infantry captain in Vietnam, had worked in Colby's pacification program in the late 1960s and has seen Colby many times since, Schmit said.

Schmit said he has spoken with Colby about the issues involved in the Franklin investigation. Up to that time, Schmit said, Colby's only knowledge of the collapse of Franklin was what he had read in Washington newspapers.

Colby could not be reached for comment Thursday.